

15 June 1948 **SECRET**

MEMORANDUM

SUBJECT: Executive for Inspection and Security

25 YEAR
RE-REVIEW

General

25X1 1. The Executive for Inspection and Security (I & S) is charged with formulating and supervising the implementation of security policies pertaining to the safeguarding of classified information, the security of operations, personnel, equipment and installations of CIA; special inspections and investigations as directed by the Director; security clearance of all personnel; examinations and audit of all CIA fiscal transactions. I & S, with at present [] persons on duty, has two main branches, namely, the Security Branch and Inspection and Audit Branch.

2. Col. Sheffield Edwards, Executive for I & S, is a regular Army officer with a diversified background. I have known Col. Edwards for the last five years and I consider him an intelligent, enthusiastic and capable officer.

3. William E. Duggan is Deputy to Colonel Edwards. Mr. Duggan has spent the years between 1929 and 1943 in the banking business and from 1943 to 1946 was in the Marine Corps and OSS. I have had several talks with Mr. Duggan, and he also impressed me favorably.

Security Branch

25X1 1. The Security Branch, in general, is responsible for the development and enforcing of security regulations governing personnel, property and intelligence materials. It is also responsible for the conduct of special investigations, liaison with the FBI, and investigation and security clearance of personnel. The Branch has on duty some [] persons and is divided into Physical Security Division, Investigation Division and Security Control Staff.

25X1
3. **Physical Security Division**

This Division is responsible for directing the program designed for the protection and security of all classified documents, installations, equipment and personnel. More specifically, it is responsible for pass control, PMA guards, day and night inspections, security procedures, finger prints, photographs, etc.

SECRET

SECRET

4. Investigation Division

Includes a Personnel Security Section, Appraisal Section and Liaison Section charged with:

- (a) Security clearance of personnel
- (b) Name check of CO contacts
- (c) Conducting exit interviews
- (d) Liaison with other Government agencies on security questions
- (e) Appraisal of recruited personnel, based on security checks and other information

5. Security Control Staff

As to all intents and purposes a policy and planning group. Its duties include:

- (a) Develops, in cooperation with other Government agencies, uniform security control policies and practices
- (b) Prepares over-all security control policies for the collection and dissemination of intelligence materials
- (c) Develops coordinated security programs for regulation of internal security practices
- (d) Plans specific security projects as may be directed by the Director

Inspection and Audit Branch

1. This Branch conducts audits of the manner in which special funds are used and makes reports of financial transactions involving special and regular funds. It also conducts inspections to ascertain the adequacy and effectiveness of service and support. The Branch has only persons and is broken down into Audit Division and Inspection Division.

2. Mr. Duggan, Deputy to Colonel Edwards, is also Chief of the Inspection and Audit Branch.

3. Audit Division

This Division is responsible for the conduct of audits and special examinations of vouchered and unvouchered funds. They do general periodic audits. They also prepare reports for the Director and make recommendations on policy regulations and procedures for greater efficiency in accounting and budgetary activities.

4. Inspection Division

This Division is responsible for the conduct of inspections in the United States and foreign countries of all installations, including CO and OSC. They make annual general inspections and such special inspections as may be directed by the Director. During the reorganization of OCD, the Inspection Division was assigned the function of determining timeliness and quality of CIA output. Col. Edwards states that due to his request, this function has now been reassigned to ICAPS.

SECRET

SECRET

Proposed Clearance Branch

By 1 August 1948, there will be organized and operating within CIA a branch set up to handle complete CIA security clearances. This branch [redacted] with approximately [redacted] field investigators and adequate clerical personnel. It will be necessary to set up a small administrative staff in I & S and the whole branch, including investigators, clerical and administrative personnel, will total about [redacted] persons. This is in addition to the present I & S personnel figure of [redacted] mentioned in the first paragraph. It is hoped that they will be able to handle [redacted] clearances a month, and that by October of this year, the time for a single clearance will be reduced to between five and six weeks. Col. Edwards estimates that on a yearly basis, clearances will amount to around [redacted]. There is in the file for I & S a more detailed memorandum on this matter.

Criticisms

The functions of I & S are primarily routine and, therefore, one hears little comment. There is, however, one universal criticism in regard to the delay in security clearances. Until 1 January 1948, these clearances were handled by the FBI and were taking, during the later months, approximately 14 weeks. In October, 1947, the FBI stated that they could no longer handle CIA clearances and an eventual deadline was set for 1 January 1948. The reason for this termination was the claim of FBI that their workload had been materially increased by Government loyalty checks, ECA clearances, etc. No attempt was made by CIA until after the first of this year to set up their own clearance organization, and this unfortunate delay has resulted in the practical stalling of the processing of recruits. I am told that the Director was in hopes that Mr. Hoover would reconsider the FBI position in relation to clearances and was therefore reluctant, at an early date, to initiate steps to set up his own clearance branch. During the interim period, there has been an attempt by OSO to aid in clearances but this has been most unsatisfactory.

Questions That May Require Further Study

1. Security clearances as mentioned in the previous paragraph. I am in some doubt as to whether it will be possible to persuade FBI to once more take on CIA clearances and at this late date with a CIA Clearance Branch well on its way to being established, it might be impractical. However, I do feel that a CIA clearance should be on a much higher priority level than Government loyalty checks. Undoubtedly, FBI is better equipped to handle such clearances, and the creation of the CIA branch is a costly duplication. (I am advised by Col. Edwards that the cost of a full clearance under CIA will be approximately \$200 as compared with \$100 paid to the FBI). In consideration of this duplication and expense involved, the clearance question, even at this late date, might warrant some thought.

SECRET

Page Denied

25X1